

FILED

SEP 12 2023

**U.S. BANKRUPTCY COURT
BY _____ DEPUTY**

Re: AstraLabs Inc.

Debtor; Case No. 23-10164

September 7, 2023

To the Honorable Shad M. Robinson, United States Bankruptcy Judge:

This is a brief addendum to the September 5, 2023, letter sent to the United States Bankruptcy Court, Austin Division by thirty-one (31) New Chip founders.

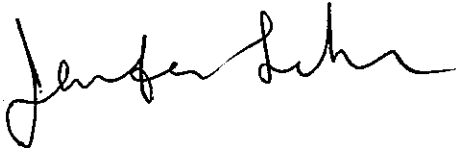
There is one name that was posted incorrectly.

Dante Işıl Özkan should be Işıl Özkan.

Additionally, we would like to add the following names to that letter for a total of thirty-five (35) founders.

Thank you,

Jennifer Lehr



David Shepherd; ReSuit

Avi Basu; Wingsure

James Floreani; Arcadia Web3 Technologies Inc.

Kevin Blake-Thomas; TravelMeetEat, Inc. dba Tychon

You can find the original letter below (with one name corrected):

1 of 6

Re: AstraLabs Inc.

Debtor: Case No. 23-10164

September 5, 2023

To the Honorable Shad M. Robinson, United States Bankruptcy Judge:

I, Jennifer Lehr - an enrollee (and creditor) in the now-bankrupt AstraLabs Inc Accelerator, dba NewChip, LLC or NewChip Accelerator as Founder and CEO of WeConcile Inc. ("Member Representative" according to the NewChip Accelerator Master Terms of Service - Membership Agreement) - am writing the court to share publicly our experiences with the Debtor and its Principals whose actions appear to be in bad faith, deceptive, predatory and accordingly have impaired our companies' potential to continue as a going concern and raise funds, in addition to consuming significant time and resources.

First, I would like to present a general overview of the companies being represented by this letter. As early-stage companies, we are all under tight monetary conditions, are struggling to launch our products and become successful businesses, and consequently are attempting to raise funds. Further, most of us do not have knowledge of regulations around funding or warrants and could be seen as naïve in this area - this naivety was preyed upon. The purpose of signing up for what was presented to us as an educational class that included learning to present ourselves to investors and being introduced to investors was to gain this much-needed funding. As a group, we believed we would be guided to raise money with the possibility of NewChip being one of the investors and that we would have access to an extensive network of investors. We did not believe anything underhanded was going on. Hence, many of us did not engage an attorney to read the contract we signed with NewChip closely. (Nor did many of us have the funds to do so then, much less have the funds to hire an attorney to represent us in the bankruptcy court now.) **We do not believe that the court is aware of the extent of the deception and web of lies used to gain the warrants.** (I have attached a screenshot at the bottom of this letter of an email between a New Chip Associate and founder Aldo de Jong, who specifically asked about the warrants and received a deceptive answer that said nothing about the reporting requirement nor about the 10-year extension.)

Nobody wants to be taken advantage of or victimized. Many of the founders we have met and communicated with while figuring out what to do regarding the NewChip debacle are good people trying to create businesses that would enrich our world. This situation has been extremely disheartening. What some of us have been working on for years is in danger due to the actions of Andrew Ryan.

Below is a general outline of our experience and events.

- Individually, we were each contacted by a NewChip "venture analyst" or "venture associate" or, in my case, by an affiliated venture capitalist via email. These NewChip employees and affiliates suggested that we were picked as a company with great potential, that this was a very exclusive offer, and that most companies would not qualify for this accelerator. Intrigued, we set up a meeting with the "venture associate." In a series of meetings with them, we were told that the NewChip Accelerator would help us successfully raise funds through their extensive investor network so we could build our business. We were also told that NewChip often invested in the companies it was teaching. Consequently, we believed we were signing up for an educational course that included meeting many investors and that we would raise funds successfully. In the call, we were also told that the "primary advantage of the program is 10-20 qualified investor meetings based on their Investor Relationships team reaching out to 200 carefully selected target investors out of a database of 7000 investment partners" and that there's a money-back guarantee if they don't meet the minimum of 10. Many founders have reported that the claims made by founders to get their money back based on a lack of qualified investor meetings were unrightfully denied.
- We did not believe we were about to be trapped by a company whose mission was to deceptively sign up as many founders as possible to gain warrants, some of which would eventually hold great value and allow Andrew Ryan to fulfill whatever his objectives were.
- There was also a push by the NewChip associate (reported by multiple founders) to get us to complete and sign the paperwork immediately so that we would not miss the "deadline" to get into the class. Founders accessed the paperwork in different ways. Some were sent a DocuSign-type link. In my case (Jennifer Lehr), I accessed the document via a part of the NewChip website. I could not find a way to download the contract. So I read it online carefully and spoke at some length with my co-founder about whether we would want to accept the 2-year warrant clause and what it meant because I wasn't

sure I wanted to give NewChip the right to buy into my company (having invested years into it and wanting to maintain control of it.) I and some others saw nothing about a 10-year warrant extension nor the financial filing, and we do not believe it was on the contracts we read. I signed a page, not the Contract and Warrant, that said I accepted the Membership Agreement and Warrant Agreement. My signature was transferred onto the Contract and Warrant that NewChip later emailed me. I did not sign the actual contract/warrant. Additionally, for the founders who joined in 2023, some sales calls and sign-ups occurred towards the end of April, six weeks after the company had filed for Chapter 11 bankruptcy/restructuring, and no mention was made of the bankruptcy and problems the company was going through in those calls.

- After we filled out the paperwork, we were immediately (the same day) accepted into the Accelerator.
- On the surface, the terms of the agreement appeared reasonable; payment of the program fee ensured receipt of Program Services for at least the six-month duration of the program outlined in Section A, 2. "Program Services." Completion of the program as outlined was purportedly intended to provide resource-constrained startup founders like ourselves with access to educational materials, exceptional mentorship, feedback from venture partners on pitch decks and pitches, and ultimately a promise of admittance into "Investor Relations" (e.g., a chance to engage with NewChip's network of >7,000 accredited investors for solicitation of support) assuming each of us successfully completed the program requirements. But deeper down, the contract was filled with predatory language that left us, the founders, with almost no rights.
- Once in the program, there were many problems and a lack of contract fulfillment (in various ways,) which we shall not detail here. The bottom line is that **NewChip did not fulfill their part of the contract for those of us signing this letter. Nor is the debtor currently performing, and they are, in fact, unable to perform or cure.**
- At the end of our Newchip Accelerator Master Membership Agreement, you can find the Accelerator Warrant. We now realize the Warrant is predatory. Interestingly, most founders signed this because nobody suspected this kind of underhanded behavior (or, in most cases, did not even see the 10-year warrant extension clause or financial reporting clause.) Basically, if you did not submit your financial data by a specific timeframe, their rights to buy into your company were extended from two (2) years to ten (10) years with a discount based on the first valuation, even if we hadn't raised funds and hadn't materially impacted NewChip by missing the financial reporting deadline. This means that we must put the warrant on our capitalization table, effectively deterring early investors whose investments would be diluted if a later investor came in under the warrant agreement. Hence, this clause effectively impairs the capitalization table of any startup hoping to continue to raise capital. Given that the provisions of the Warrant are part of the bankruptcy estate that is currently being evaluated for monetization, each startup founder is in a position where the rights to invest in their company are going to be auctioned off unless they can personally intervene or repurchase said Warrants within the bounds of the bankruptcy proceedings.
- On May 12th 2023, we received a weird and confusing email from Andrew Ryan stating that the Company would be entering bankruptcy proceedings due to a hostile takeover attempt from former employees. He makes odd and incorrect claims about the bankruptcy process in this letter. He says he is "identifying a constructive solution that would benefit the company and all associated stakeholders," which is inconsistent with the Uniform Commercial Code liquidation preference in any bankruptcy proceeding. He further offers support from the 'NewChip community' through Slack channels and so on.
- Many upset founders, employees, investors, mentors, etc., joined this Slack channel. However, once some of the founders started organizing with other founders to stand up for themselves, Andrew Ryan shut down this Slack group, effectively stopping our networking and communication, as we did not have each other's contact information. Luckily, before this happened, a particularly smart person set up another Slack channel, which a percentage of the people on Andrew Ryan's Slack joined before it was shut down. This is how we began communicating and organizing, although with a much smaller group of founders.
- During this time, the NewChip website shut down due to Chapter 7 Bankruptcy, and we found ourselves locked out of all program services and unable to correspond with anyone with a NewChip email address.
- Jennifer Lehr became an admin on the freshly created NewChip Independent Slack channel. She learned that Andrew Ryan had been impersonating startup founders under at least one and probably more aliases to gain access to information where founders were discussing their next steps, including retaining legal representation and so on, presumably in an effort to discredit, intimidate, or otherwise undermine the ~5,000+ startup founders that had paid upfront for Program Services and not received them. Jennifer Lehr personally removed "Jake," who was Andrew Ryan, from the new Slack group once she figured out who it was. Andrew Ryan, however, has probably joined again under yet another alias.

- Once we realized something was terribly wrong with NewChip, we began examining our contracts in great detail and realized that we needed to file financials. I (Jennifer Lehr) advised the founders I had contact with to immediately send financials to NewChip (these financials were not defined in the contract/warrant agreement, and many founders misread the tricky language, believing they were not yet due. Founders who did not complete the program or barely started it did not realize that they would need to file financials and that the warrant was in effect even though they did not receive services.) Thus, many founders began sending their financials to NewChip and then the Trustee's counsel as NewChip's email was down, and we didn't know who was monitoring NewChip's physical address. **Sending our financials in late caused NewChip absolutely no harm as most of us had not done any raises, so there was no way they could have invested in our companies as they were only investing in a current or future round (and I doubt Mr. Ryan had any intention of ever doing so, but was just planning on gaining 10-year warrants due to our lack of experience and increasing his own net worth.). Still, the inconceivable, extremely hurtful, and punitive remedy of a 10-year warrant was triggered just the same, even though our financials would have been useless to them pre-raise.** The problem with the warrants is that for startups that haven't submitted the required financial statements, the warrants extend to 10 years, and the Holder gets to invest that \$250K at the valuation of that first investment round. So if you raised at a \$6M valuation in 2018 but forgot to inform NewChip, and now you're valued at \$1B, they get to invest \$250K at the \$6M price. So they get a massive piece of the company, and previous investors (and founders) are then diluted. Or if you do a raise in the near future, the Holder can jump in at any time afterward within the Warrant period and buy into your company at a ridiculous discount.
- A town hall with independent legal counsel was organized in June by Jennifer Lehr and with the help of an interested attorney/mentor, and a few of us independently verified the identity of every single person who participated in this call to protect all of us from further efforts by Mr. Ryan to obtain information about the situations and plans of the impacted startup founders and to protect privileged information. This was an enormous amount of work.
- Concurrently, a few founders have made a best effort attempt to distribute relevant information amongst the other founders (for whom we have contact information and verified the identities of as well as non-privileged information to those who are as yet unverified) throughout the months of June, July, and August 2023, including how to file a claim with the bankruptcy court, sending in financial, and so on.
- Through this process, we heard many different stories from different startups. For example, one founder specifically reported that she said she would pass on signing up for the NewChip Accelerator. Because she was walking away, NewChip induced her to enroll in their program by including a guarantee clause promising a minimum investment of \$250,000 within six months post-graduation (note: different contracts contained different promises.) Contrary to their assurance, this commitment was not upheld as there was a significant lack of investor introductions and engagement during the designated investor relations period. Hence, NewChip engaged in this specific deceptive practice with at least one and likely many more founders. There are many other reports along this line of promised investors.
- The form and contents of the Program Services Agreement and Warrant have changed over time to be more and more favorable to the NewChip Accelerator, as their main intention appears not to have been providing services to founders as per the Agreement but gaining warrants.

Given the predatory language in the NewChip Program Services Agreement and Warrant, in addition to the ongoing bad faith behavior of the NewChip founder and CEO Andrew Ryan, we respectfully request that all parties engaging honestly with these bankruptcy proceedings, including the Honorable Shad M. Robinson, Trustee Randolph N. Osherow Esq., Trustee's Counsel Jay Ong Esq., consider whether the behavior of Andrew Ryan is consistent with "willful misconduct" and, in addition to obviating any further attempts of his to raise money, operate an accelerator, subvert the bankruptcy process or otherwise cause harm to those involved, consider pursuing criminal penalties and/or proceedings, as appropriate.

Further, we would like this document on record as we assume there will be many court cases in the future potentially claiming fraud on NewChip's part, as well as entrapment and lack of fulfillment of our contracts.

Please see the attached email (last page) sent to Aldo de Jung, showing a specific and dishonest communication about the warrants.

We are available for further communication if needed.

Thank you,

Jennifer Lehr; LMFT; WeConcile, Inc.

Diego Maillo; In-Form Sports LLC

Anthony Esplin; Sleep Easy Technology Inc.

Paul Mead; GeoNadir Pty Ltd, ErleaDx Pte. Ltd.

Aldo de Jong; Paddio

Işıl Özkan; OktoMax Inc

Marlies Bloxham; Retentacle

Anton Abyzov; EasyChamp, Inc.

Lacey Hunter; Tech Aid

Mesbah Jamali; Wholesome Bowl

Cherry Chia Na Yu; ErleaDx

Jim Uterweiger; Concierge Hotel GMBH

Jeffrey Lee Nelson; Myidfi

Aditya Mani; Yologram Style Private Limited

Constantin Florin Murariu; FairAdsAPP inc.

Juan Martin Carballo; Makara Insights, Inc.

Arpit Kaushik; Hypha Knowledge Integration Limited

Warren Peterson; Virtuosica, Inc.

Taro Koki; Kuruma NFT, Inc.

Veronica Hey; Ok Away

Jennifer Auh; Style Konsult Inc.

Anatoly Volkhover; Rishon AI Corp

Subhi Farah; Kanari Holdings Inc

Robert J. Kirk, InterGen Data, Inc.

Geza Szeredi; Lets Join In Pty Ltd

Melinda Villarreal; Fashion Constellate

Cuneyt Buyukbezci; Mergeflo Inc.

Pierre Colle; Alezan

Michael Zuelke, ZuSo Technologies, Inc.

Abdul Kittana; ASecureCloud Inc.

Garrett Temple; Novogliene





Carlos Guzman

Re: follow up Paddio x Newchip

To: Aldo de Jong, Cc: Luke Morrison

March 31, 2023 at 11:23 AM

[Details](#)

Happy Friday guys!

I can do that, no problem :)

Let's hit the money-back guarantee, first (applicable only for the accelerator, not the incubator):

- We'll refund 100% of any fees paid at the end of the accelerator if we're not successful in securing at least 10 investor intros or a min. of a \$150K investment offer.

Now the warrant:

- Basically, this just says that for the lower fee in option 2, you're giving us a 2-year window with the option to invest up to a max. of \$250K in a current or future round
- If we do invest, we'd do so at a 20% discount on the valuation of your next priced round (this is the one we'll help you raise while in the program)
- Easiest to think of it this way. In option 2, we're stripping out the profit from our fee (that's why it's only \$7.5K vs. \$18.75K). Our "reward" (upside) in option 2 is therefore the possibility we could invest when your valuation is higher up to 2 years from now. That's why it's more of a shared-success option.

Let me know if this helps?

Thanks,

Carlos Guzman

Venture Associate

Admissions | Newchip Accelerator

(737) 377-2920 | (469) 260-3118

carlos.guzman@newchip.com

<https://newchip.com/>

Austin, TX



Meet with Carlos

On Fri, Mar 31, 2023 at 9:33 AM Aldo de Jong <aldo@startupbootcamp.org> wrote:

Good morning Carlos

Can you send a plain English description of the warrant and moneyback guarantee since searching in the legal document, I found no less than 115 mentions of warrant